

INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE
**PROPER COMPENSATION AND SUPPORT FOR NETWORKS
SERVING RURAL AMERICA**

Developing a Unified Intercarrier Compensation Regime

Proper Routing and Compensation for Termination of Telecommunications Traffic

CC Docket No. 01-92

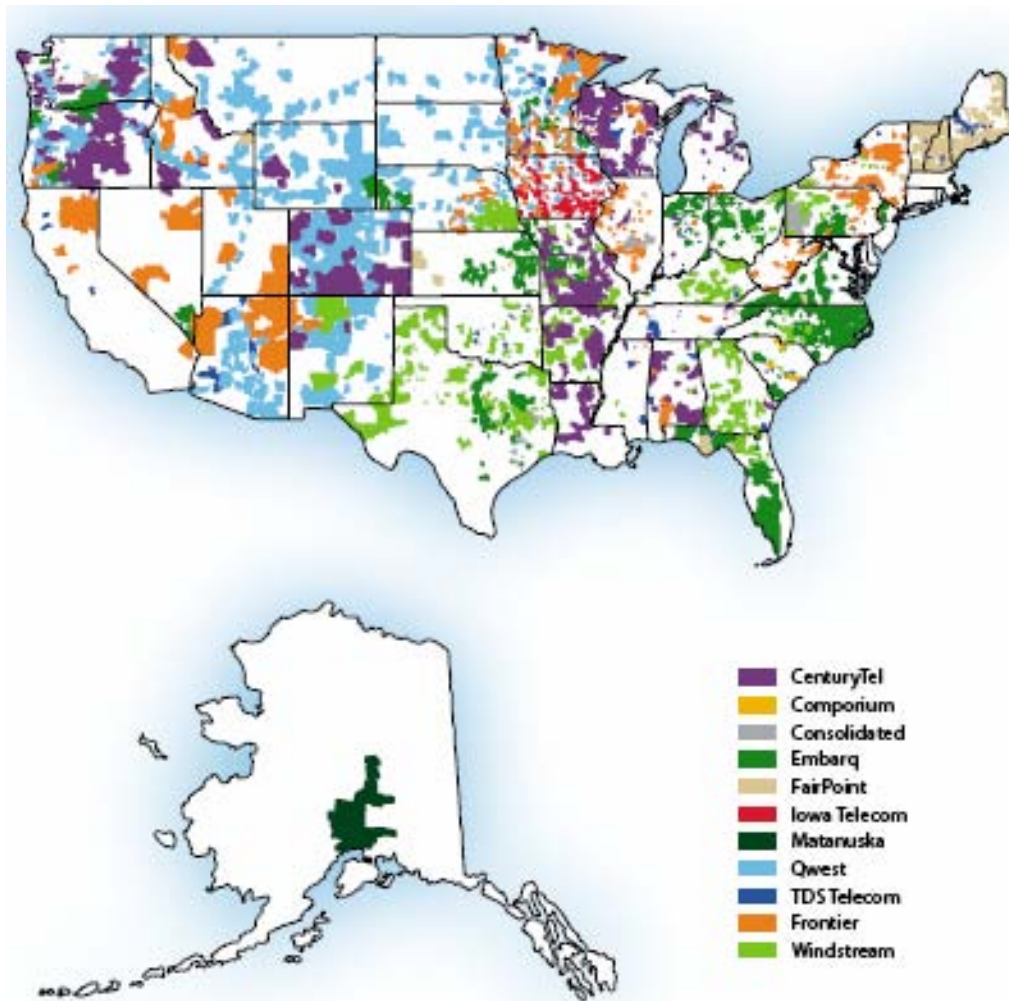
Federal-State Joint Board for Universal Service

CC Docket No. 96-45, WC Docket No. 05-337

October 2008

ITTA Overview

2



ITTA ICC Overview

3

- Tracks carriers according to needs
- Cost-based
- Distributes responsibility equitably
 - ▣ Carriers
 - ▣ End-users
 - SLC increases
 - Benchmarks
- Fortifies ability of COLRs to provide affordable service and deploy in rural America networks that are the foundation of broadband and wireless services



ICC Revenues

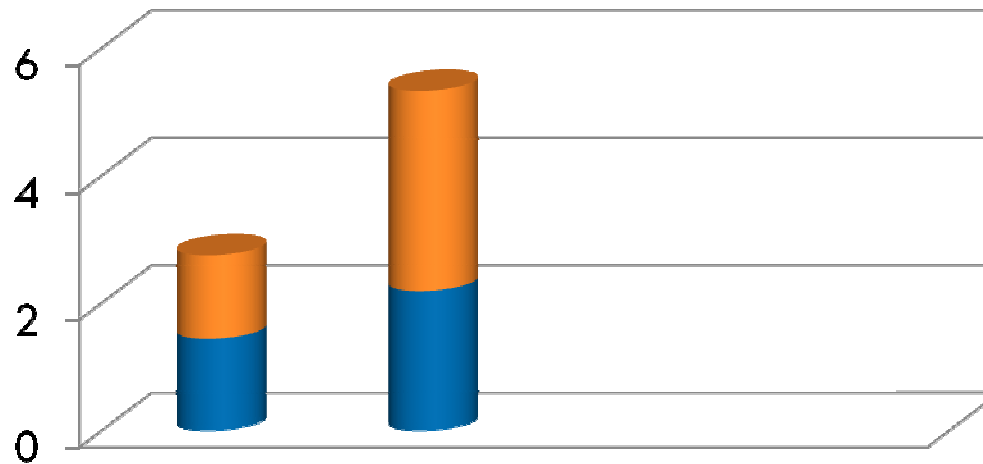
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Of 13.26 million ITTA lines surveyed, ICC accounts for an average of 12.26 percent of company revenues



Sample ITTA Impact of \$0.0007 vs \$0.0095

5



Company A

With \$2.25 SLC increase and \$20.76 benchmark, the ITTA \$0.0095 yields an ARM of \$1.44 per line; a terminating rate of \$0.0007 requires an ARM of \$2.75 per line

Company B

With \$2.25 SLC increase and \$20.76 benchmark, the ITTA \$0.0095 yields an ARM of \$2.19 per line; a terminating rate of \$0.0007 requires an ARM of \$5.33 per line



Sample Impacts of \$0.0007

6

- For 14.1 million ITTA lines, \$0.0007 yields a \$618.4 million revenue reduction
- For ITTA members collectively serving 13.12 million lines, the average monthly per line impact is \$4.33

- Survey methodology: ITTA collected discrete data sets from member companies. Common data sets were aggregated and/or averaged. Extrapolations were not undertaken.



Alternatives

7

- Avoid
 - ▣ Reduced access revenues without an appropriate ARM that will increase end-user rates unduly
 - ▣ Inadequate cost recovery that discourages investment
 - ▣ Carve-outs that permit identical USF support
- Applaud
 - ▣ Contribution reform
- Adopt
 - ▣ Phantom traffic rules



About ITTA

8

ITTA members are mid-size local exchange carriers that provide a broad range of high-quality wireline and wireless voice, data, Internet, and video services to 30 million customers in 45 states

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